Annual Report
2009 - 2010

The Cooperative Promotion Board

Manitoba

Minister of Housing
and Community Development

Room 358
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB R3C OV8

Your Honour:

I have the privilege to present, for the information of Your Honour, the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2010.

Respectfully submitted,

Original signed by

Kerri Irvin-Ross
Minister

Manitoba
Housing and Community Development

The Cooperative Promotion Board
203-280 Broadway
Winnipeg MB R3C 0R8

Honourable Kerri Irvin-Ross
Minister
Housing and Community Development
Room 358 - Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

On behalf of the Board of Directors, I have the pleasure to present to you the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2010.

Respectfully submitted,

Original signed by

Joy Goertzen
Secretary

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MEMBERS OF THE COOPERATIVE PROMOTION BOARD

MARCH 31, 2010

Chairperson, Vacant	
Joy Goertzen, Secretary	- Winnipeg, Manitoba
Cindy Coker	- Winnipeg, Manitoba
Norine Dohan	- Ethelbert, Manitoba
Marc Rivard	- Winnipeg, Manitoba

LEGISLATION

The Cooperative Promotion Board operates under the terms of The Cooperative Promotion Trust Act. The Board acts as trustee for those surplus funds of the original Canadian Wheat Board, which were apportioned to Manitoba by the Government of Canada.

Manitoba received the sum of $128,800 in this distribution, which is invested. The Board is empowered to utilize the income from investments.

In pursuance of its objectives, the Board may make grants from the fund:

- as prizes or scholarships for any competition or studies related to the philosophy, principles, business, or affairs of cooperative organizations;
- as gifts or donations in aid of research into cooperative organizations;
- to promote education with respect to cooperatives;
- to develop and promote cooperative organizations; and
- to agricultural organizations to promote the general welfare of rural residents of the Province.

The members of the Board are appointed by the Lieutenant-Governor-in-Council.

ACTIVITIES 2009-2010

During the fiscal year ended March 31, 2010, the Board undertook the following activities:

- Held three meetings.
- Considered eleven applications for assistance; six were approved by way of grants to support a variety of activities; three applications were declined; and two applications are still under review.

The following grants were approved:

- Pyramid of Angels Health Care Workers Co-op for the development of promotional kit material and a website.
- Western Feed Grain Development Co-op Ltd for yearly advertisements, trade shows and brochures.
- Youth Services Co-op (Conseil de développement économique des municipalités bilingues du Manitoba (CDEM) for eligible costs associated with communication, promotional material, newsletters, radio commercials and T-Shirt printing.
- Centre for Study of Cooperatives to help develop a co-op travel exhibit that would be donated to the Manitoba Cooperative Association for subsequent use in promoting cooperatives in Manitoba.
- Canadian CED Network contribution for the 2009 national gathering conference lunch.
- Co-op Zone Network contribution for the costs of developing learning sessions.

The Auditors' Report, together with the Financial Statements for the fiscal year ended March 31, 2010 follow.

Manitoba
Housing and Community Development

The Cooperative Promotion Board
203-280 Broadway
Winnipeg MB R3C 0R8

July 8, 2010

The Cooperative Promotion Board

Responsibility for Financial Reporting

The accompanying financial statements and other financial information in the Annual Report for the year ended March 31, 2010, are the responsibility of management and have been approved by the Board. The financial statements were prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The responsibility of the Office of the Auditor General is to perform an independent examination of the financial statements of the Board in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

Original signed by

Joy Goertzen
Secretary of the Board

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Members of The Cooperative Promotion Board

We have audited the balance sheet of The Cooperative Promotion Board as at March 31, 2010, the General Account statement of revenue and expense and fund balance, the Commercial Fishing Account statement of revenue and expense and fund balance and the statement of cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
July 8, 2010

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

The Cooperative Promotion Board

Balance Sheet
as at March 31, 2010

	2010	2009
ASSETS		
General Account		
Current Assets		
Cash (Note 3)	$ 115,549	$ 325,403
Accounts Receivable	2,650	508
Prepaid Expenses	587	-
Total Current Assets	118,786	325,911
Investments (Note 4)	200,000	-
Total General Account	318,786	325,911
Commerical Fishing Account		
Current Assets		
Cash (Note 3)	72,654	72,285
Total Current Assets	72,654	72,285
Investments (Note 4)	533	523
Total Commercial Fishing Account	73,187	72,808
Total Assets	$ 391,973	$ 398,719
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable - General Account	$ 3,500	$ 3,500
Fund Balances		
General Account - Contributed Capital	128,800	128,800
General Account	186,486	193,611
Commerical Fishing Account (Note 5)	73,187	72,808
	388,473	395,219
Total Liabilities and Fund Balances	$ 391,973	$ 398,719

Approved on behalf of the Board

Original signed by Secretary

Original signed by Member

The Cooperative Promotion Board

General Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2010

	2010	2009
Revenue		
Interest	$ 4,558	$ 8,076
Administrative expenses paid for by the Province of Manitoba (Note 2e)	22,741	27,389
Total Revenue	27,299	35,465
Expense		
Grants (Schedule 1)	9,900	21,975
General and Administrative		
Annual Report	439	212
Board Members' Remuneration	495	1,100
Board Members' Meals and Travel	640	948
Membership Fee	824	800
Miscellaneous	143	61
Professional Fees	3,492	2,789
Administrative Expenses (Note 2e)	18,491	22,390
Total General and Administrative	24,524	28,300
Total Expense	34,424	50,275
Excess of Expense over Revenue	(7,125)	(14,810)
Fund Balance, beginning of year	193,611	208,421
Fund Balance, end of year	$ 186,486	$ 193,611

The Cooperative Promotion Board

Commerical Fishing Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2010

	2010	2009
Revenue		
Interest	$ 369	$ 1,345
Dividend	10	15
Total Revenue	379	1,360
Expense		
Grants	-	-
Total Expense	-	-
Excess of Revenue (under) over Expense	379	1,360
Fund Balance, beginning of year	72,808	71,448
Fund Balance, end of year	$ 73,187	$ 72,808

The Cooperative Promotion Board

Statement of Cash Flow
for the year ended March 31, 2010

	General Account	Commercial Fishing Account	2010	2009
Excess of Revenue Over (Under) Expense	$ (7,125)	$ 379	$ (6,746)	$ (13,450)
Cash Flows from Operating Activities				
Changes in working capital balances				
(Increase)/Decrease in Accounts Receivable	(2,142)		(2,142)	-
(Increase)/Decrease in Prepaid Expenses	(587)		(587)	-
(Decrease)/Increase in Accounts Payable	-		-	(5,911)
Cash Flows from Investing Activities				
Purchase of GIC	(200,000)		(200,000)	-
Dividend from ACU Shares		(10)	(10)	(15)
Increase/(Decrease) in Cash	(209,854)	369	(209,485)	(19,376)
Cash Balance at Beginning of the Year	325,403	72,285	397,688	417,064
Cash Balance at End of the Year	$ 115,549	$ 72,654	$ 188,203	$ 397,688
Supplementary Information:				
Interest received	$ 2,366	$ 369	$ 2,735	$ 9,421

The Cooperative Promotion Board

Notes to the Financial Statements
For the year ended March 31, 2010

1. Nature and Objectives of the Board

The Cooperative Promotion Board (the Board) operates under the terms of The Cooperative Promotion Trust Act (The Act), which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when the Cooperative Promotion Trust Act came into force. The Department of Housing and Community Development administers the activities of the Board.

General Account

The General Account funds controlled by the Board consist of surplus funds of the original Canadian Wheat Board, apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the Board when The Cooperative Promotion Trust Act came into force, and assets acquired by the Board.

The objectives of the Board with regard to the General Account are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba

2. Accounting Policies

a) **General**
These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

b) **New Accounting Policies**
Effective April 1, 2009 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Not-For-Profit Organizations
The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued new standard, CICA 4470 *Disclosures of Allocated Expenses by Not-for-Profit Organizations.*

CICA 4400 *Financial Statement Presentation by Not-For-Profit Organizations* was amended to:

- Clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions; and
- Make Section 1540 *Cash Flow Statements* applicable to NFPOs

Section 4430 *Capital Assets Held by Not-For-Profit Organizations* was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 *Related party Transactions.*

New Section CICA 4470 *Disclosure of Allocated Expenses by Not-For-Profit Organizations* establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another.

The adoption of these new requirements had no material impact on the Board's financial statements for the year ended March 31, 2010, except that a cash flow statement and a related party transactions note are now disclosed.

Section 1000 Financial Statement Concepts
This section has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements were effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this standard had no effect on the Board's financial statements for the year ended March 31, 2010.

c) **Financial Instruments**
Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. The Board is required to designate its financial instruments into one of the following five categories: held for trading; available for sales; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balance, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial instruments of the Board consist of cash, accounts receivable, investments and accounts payable.

The Board has designated its financial instruments as follows:

Cash is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings. Due to the redeemable nature of this financial asset, carrying value is considered to be fair value.

Investments held in the General Account are classified as financial assets held to maturity and are measured at amortized cost using the effective interest rate method. At March 31, 2010, the current prevailing interest rates for similar investments were the same as on the purchase date, therefore, the carrying value approximates fair value.

Investments held in the Commercial Fishing Account are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the lack of an active market, cost is considered to be fair value.

Accounts receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

It is management's opinion that the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair value of accounts receivable and accounts payable approximates their carrying values due to their short-term nature.

The Board continues to apply *Section 3861 Financial Instruments – Disclosure and Presentation.*

d) **Use of Estimates**
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

e) **Revenue Recognition**
Interest Revenue – Interest revenue earned from cash balances on hand and the Guaranteed Investment Certificate (GIC) are recorded on an accrual basis.

Administrative Expenses Paid for by the Province of Manitoba – The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2010 is estimated at $18,491 (2009-$22,390) with another $4,250 (2009-$4,999) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and as such no amount has been determined.

f) **Related Party Transactions**
The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies, Boards and Crown Corporations. The Board enters into transactions with these entities in the normal course of operations and they are measured at the exchange rate amount agreed to by the related parties.

3. Cash

General Account

The cash balance for the General Account includes $103,540 (2009-$321,174) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.80% effective March 31, 2010. Interest is paid monthly.

Commercial Fishing Account

The cash balance for the Commercial Fishing Account is held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 0.50% effective March 31, 2010. Interest is paid monthly.

4. Investments

General Account

On October 5, 2009 a 24 month non-cashable Guaranteed Investment Certificate (GIC) was purchased in the amount of $200,000 (2009-$0) held at Assiniboine Credit Union earning interest at a fixed rate of 2.25% compounded daily. Interest is paid yearly upon the October anniversary date.

Commercial Fishing Account	2010	2009
Assiniboine Credit Union – Surplus Shares	$533	$523

Notes to the Financial Statements
For the year ended March 31, 2010

5. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services, Ltd. donated $41,724 to the Board subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance available at March 31, 2010 is $73,187 (2009 $72,808).

6. Compensation Disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Cooperative Promotion Board members and of individual compensation paid to board members or staff where such compensation exceeds $50,000 per year. For the period of April 1, 2009 to March 31, 2010, the Cooperative Promotion Board paid Board members an aggregate of $495. No individuals received compensation greater than $50,000.

7. Commitments

As of March 31, 2010, the Board has approved grants in the amount of $31,825, for which the grant applicants had not yet met the payment conditions. If the payment conditions relating to these grants are met in the future, the commitments will be funded by the General Account.

8. Capital Disclosures

The Board's objective when managing its capital is to maintain sufficient capital to cover its costs of operations. The Board's capital consists of Contributed Capital, the General Account Fund Balance as well as the Commercial Fishing Account Fund Balance.

The Board meets its capital objectives through interest revenue earned.

The Board is subject to externally imposed capital requirements as imposed by Section 4(6) of The Act. This Section requires that the Board maintain a minimum realizable value of $129,000, essentially the amount of the Contributed Capital. The Board complied with the externally imposed capital requirements during the year.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

Schedule of Grants
for the year ended March 31, 2010

	2010	2009
General Account		
CCA & CCCM 2008 Congress	$ -	$ 2,966
Co-op Ventures Worker Co-op	3,000	-
CWCF 2008 Conference	-	3,570
Devco Training (June Session)	-	2,782
Direct Farm Marketing/Prairie Fruit Growers Ass. (PFGA)	-	1,201
Elton Energy Co-op		1,242
Farmers' Markets Association of Manitoba	3,400	-
Manitoba Cooperative Association Inc	3,000	6,000
MOMA Trade	-	2,500
Western Feed Grain Development Co-op	500	1,714
Total of Grants	$ 9,900	$ 21,975